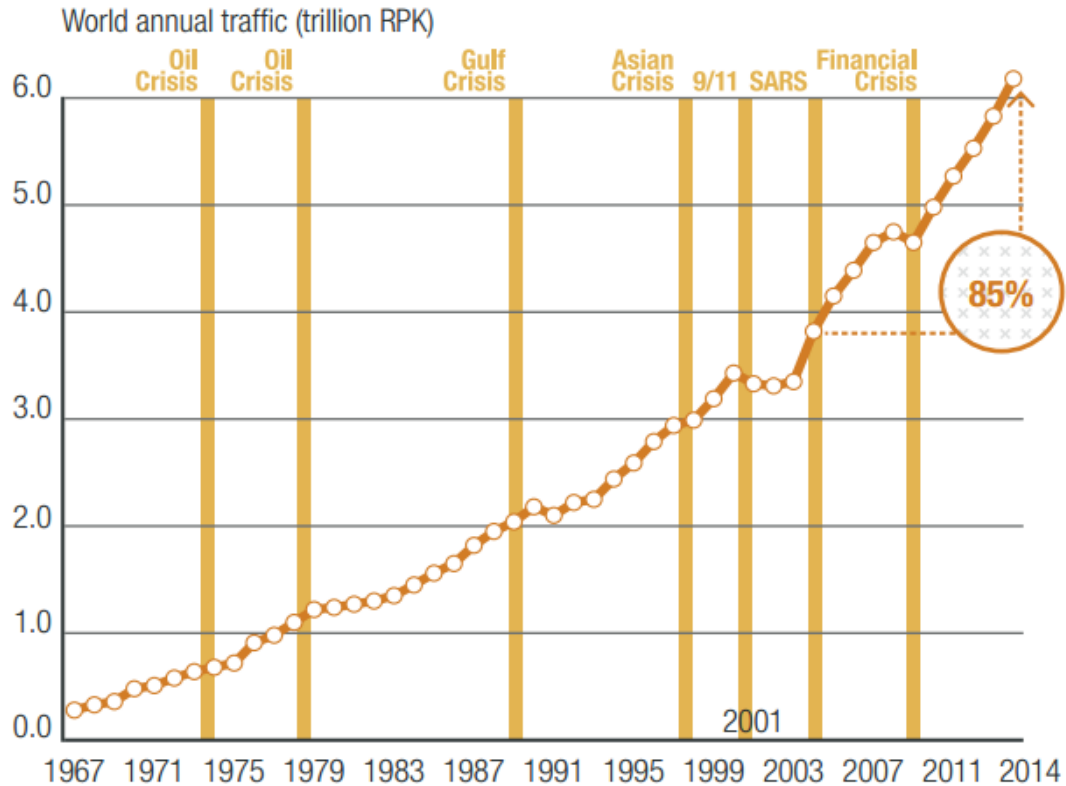




Barbarians at the Gate: Disruptors in Aviation

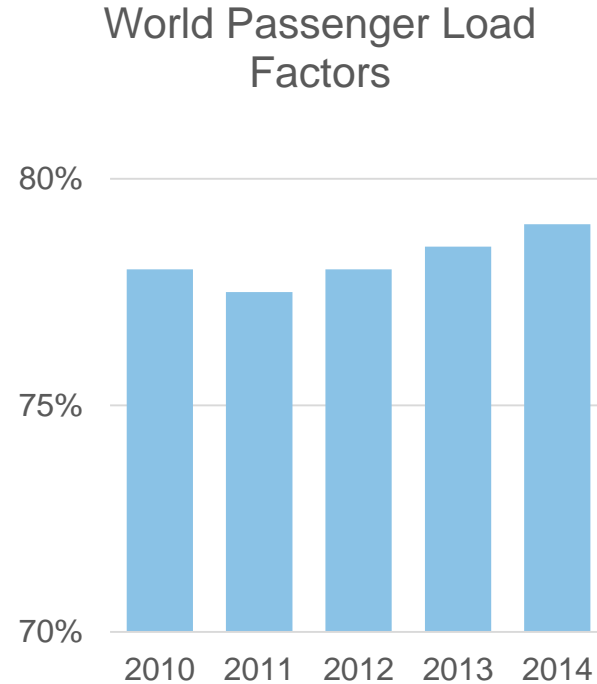
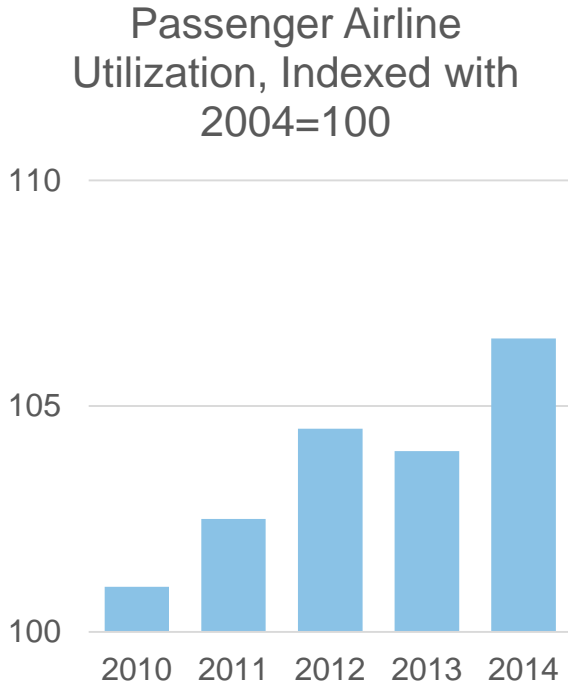
The art of common sense

Air travel is remarkably resilient



Source: Boeing

Utilization and Load Factors at all-time highs



Source: Boeing.

2016: Industry outlook per region

2016	Net Profit	Net Margin	Profit per Passenger
Global	\$36.3b	5.1%	\$9.59
North America	\$19.2b	9.5%	\$21.44
Europe	\$8.5b	4.3%	\$8.80
Asia Pacific	\$6.6b	3.2%	\$5.13
Middle East	\$1.7b	2.6%	\$7.97
Latin America	\$0.4b	1.1%	\$1.26
Africa	-\$0.1b	-0.5%	-\$0.93

Source: International Air Transport Association estimates.

Aircraft market outlook 2015-2034

SUPPLY

Deliveries: ~6-7% of fleet

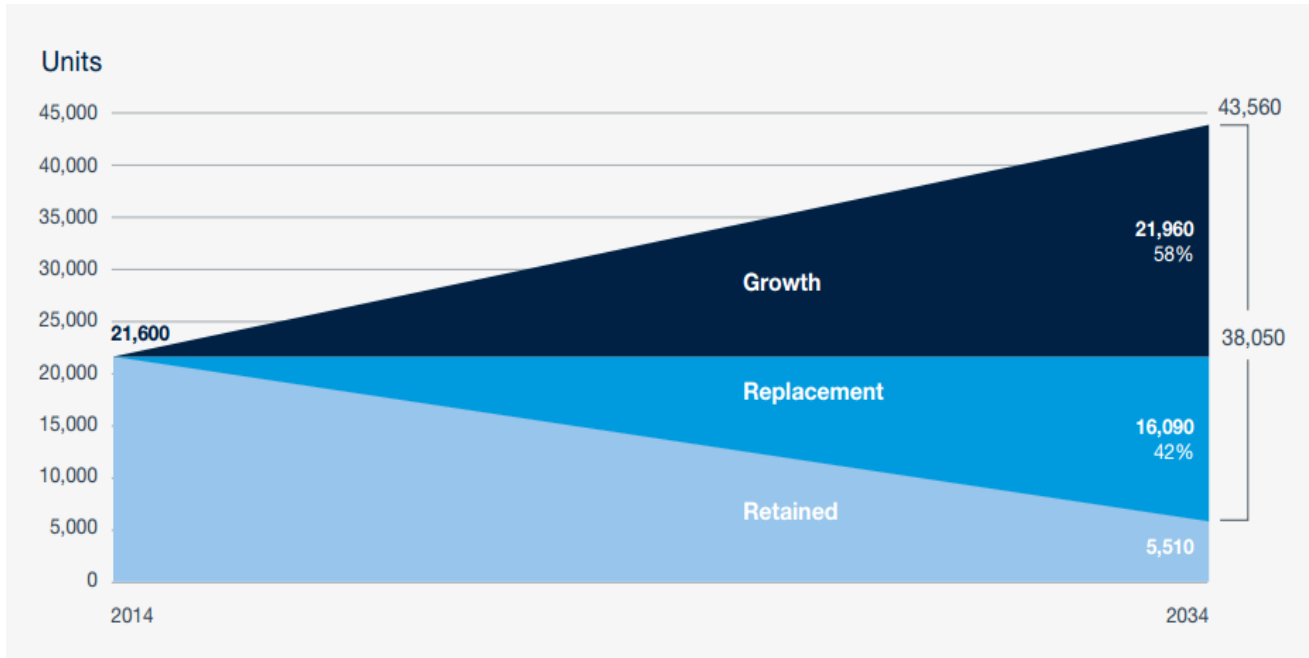
Other factors: ~1%

DEMAND

Industry Growth ~5%

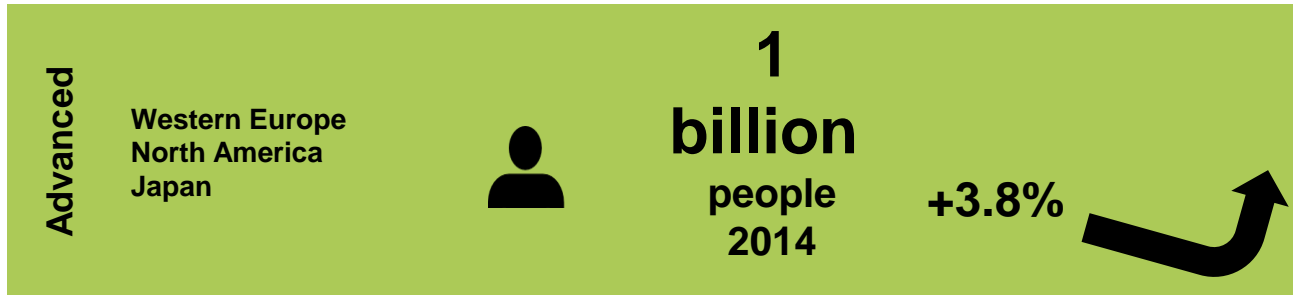
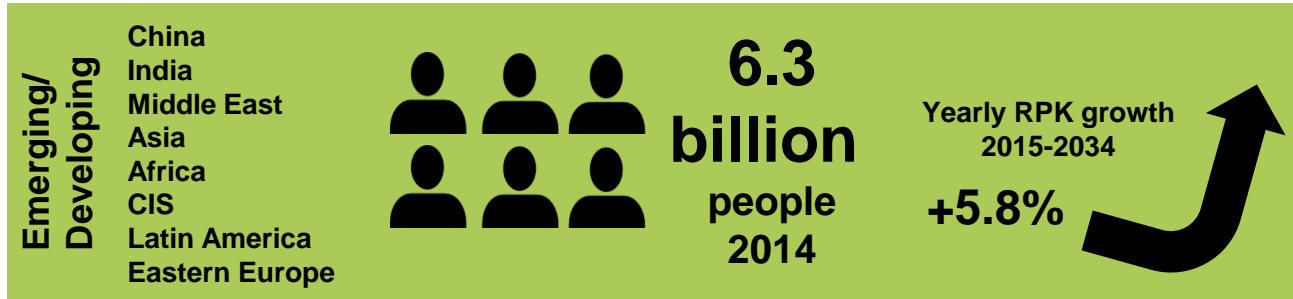
Replacement: ~2-3%

Supply: Replace older, less efficient planes

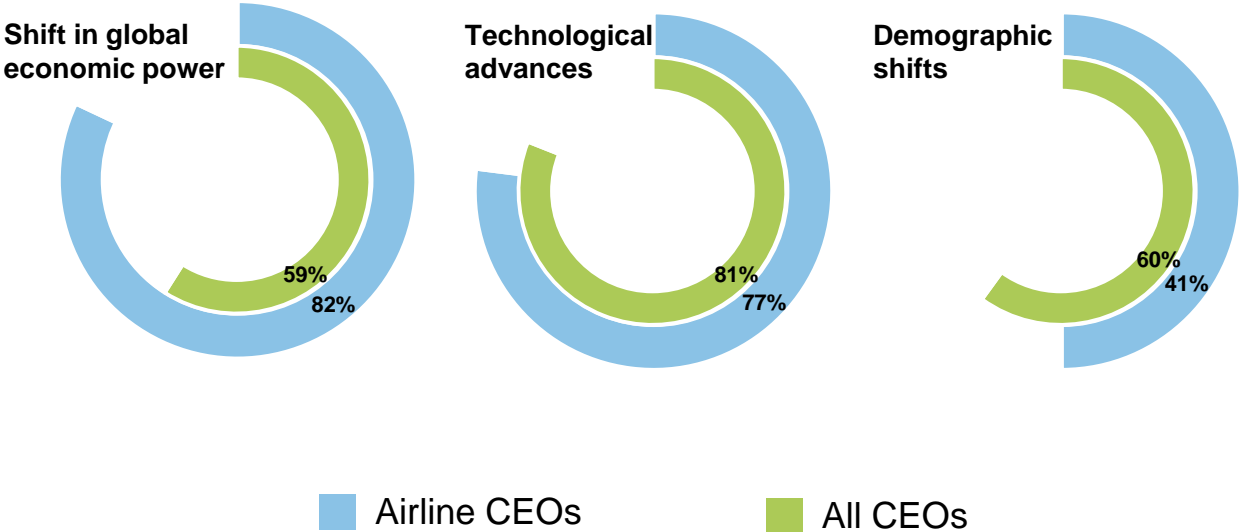


Source: Boeing

Demand: Asia-Pacific leading growth



Top 3 megatrend growth drivers

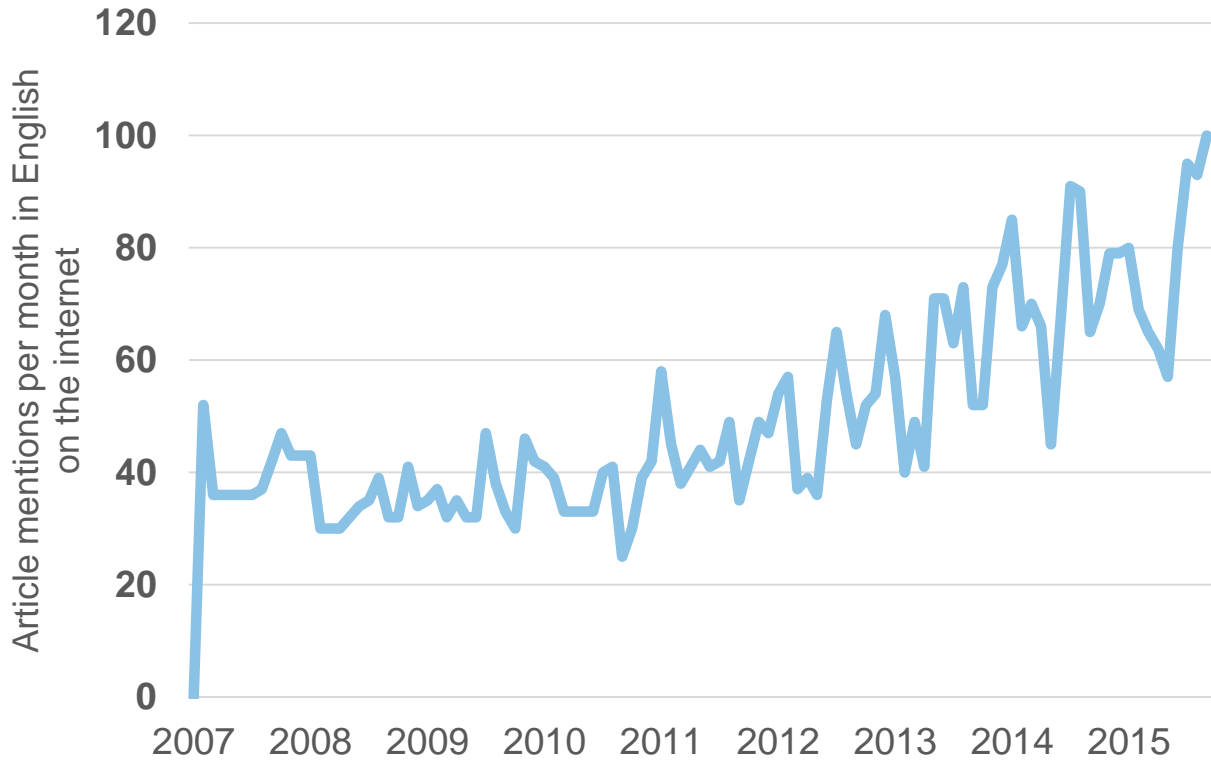


Source: PricewaterhouseCoopers.

“We fly anything, anywhere, anytime”



“Disruptive Innovation” – Now a popular term

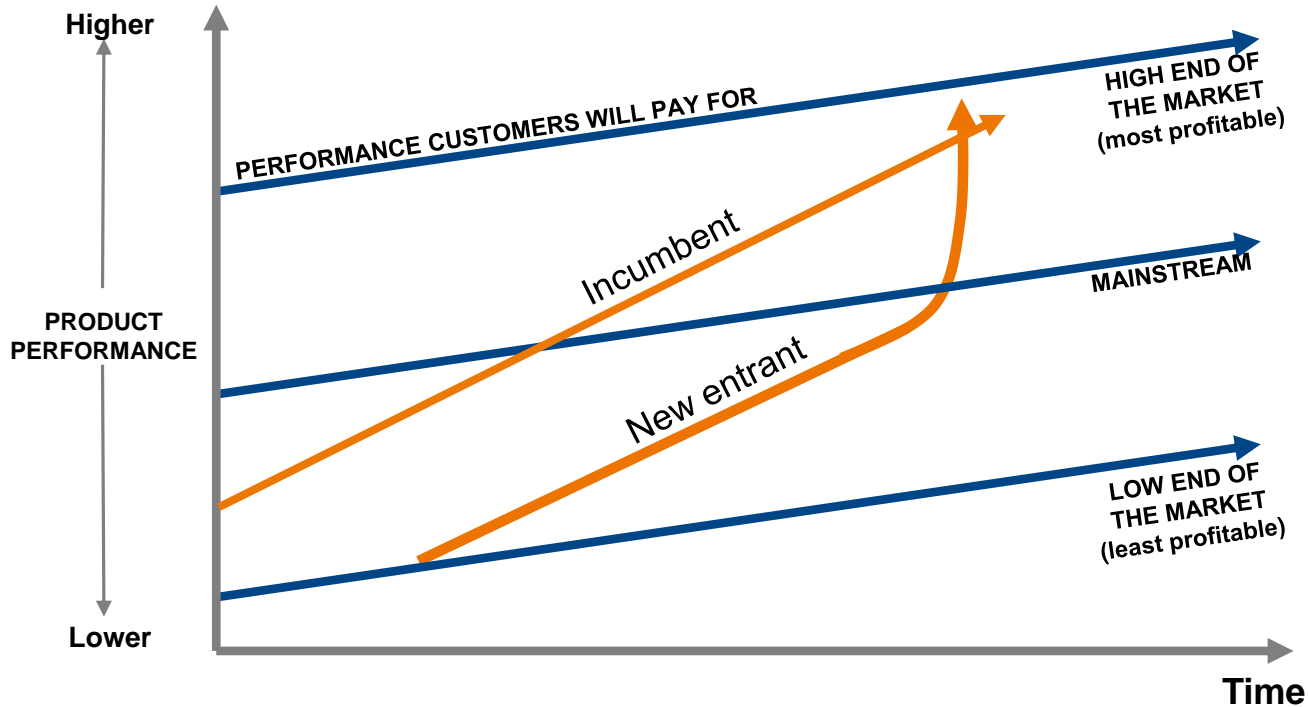


Source: Google Trends

Incumbent



New entrant



Source: HBR article «What is disruptive innovation?»



**WE INNOVATE
OTHERS IMITATE**



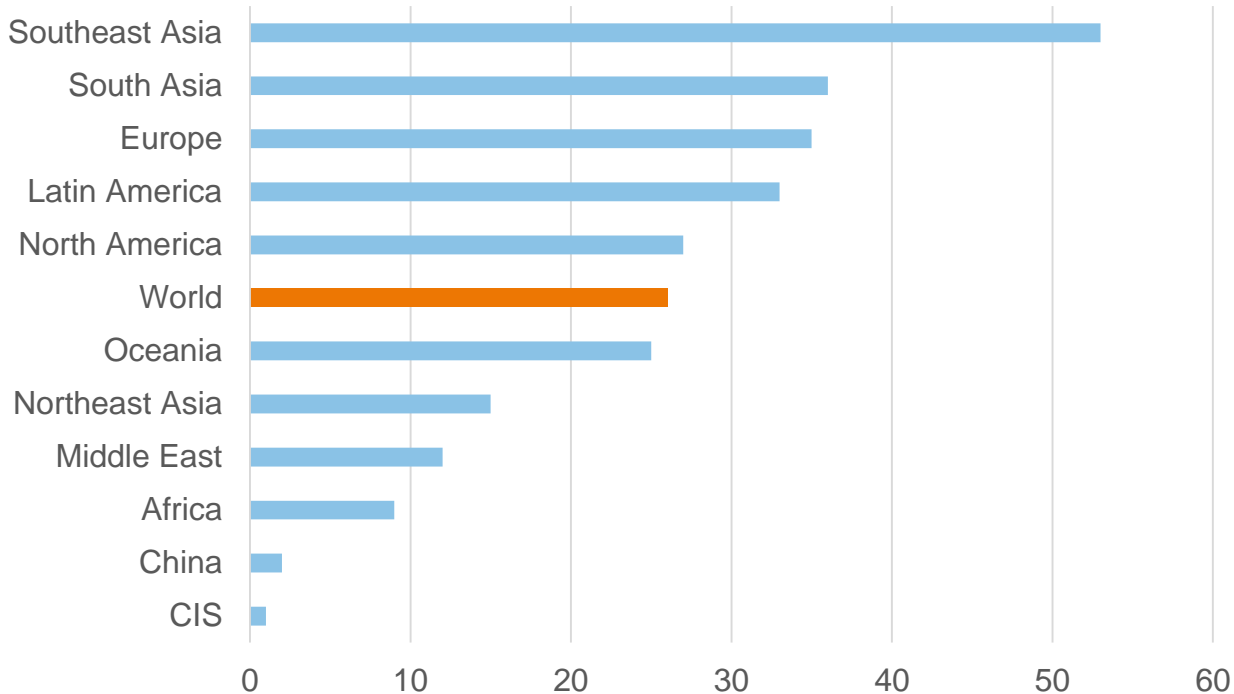
LCC business model has gone global



Source: Boeing

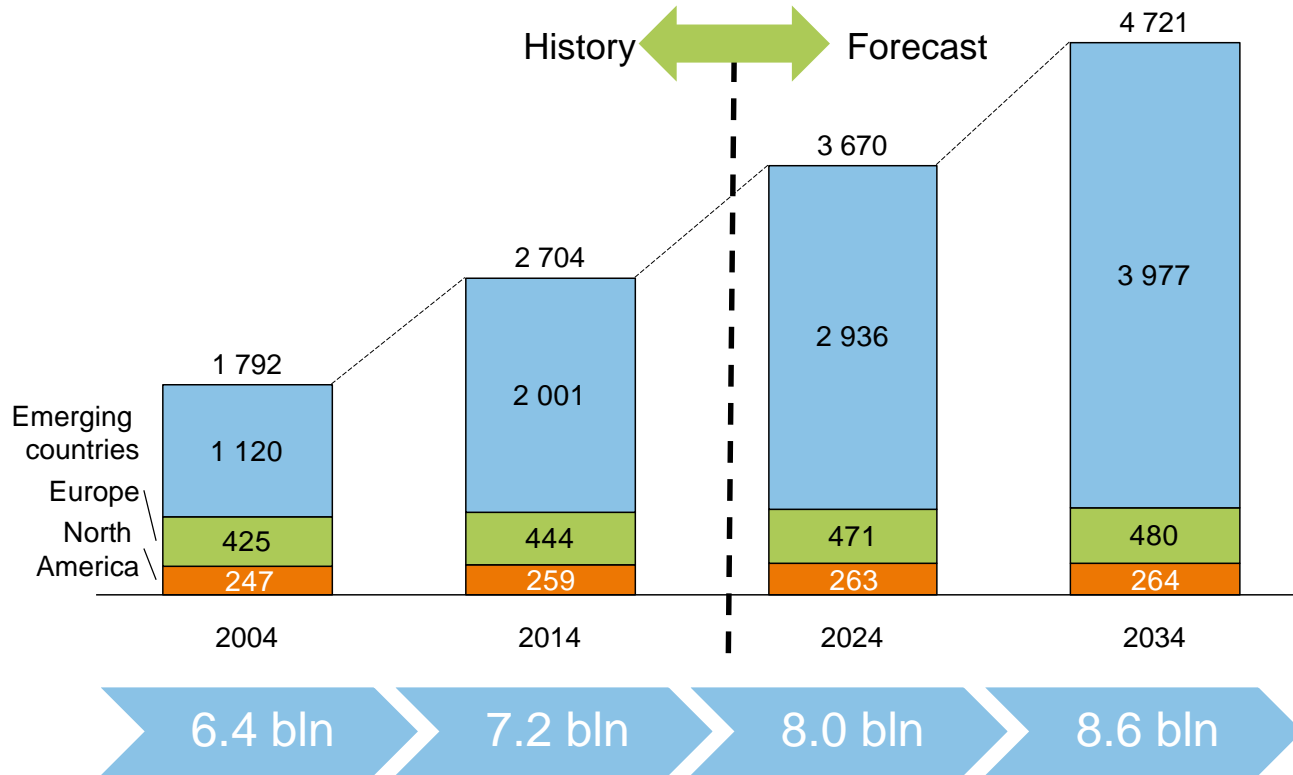
LCCs now provide a large share of capacity

2013 LCC market share (%) measured in annual seats by airline domicile



Source:Diio/Innovata 2013, jet only

Middle Class set to Double in EM by 2034



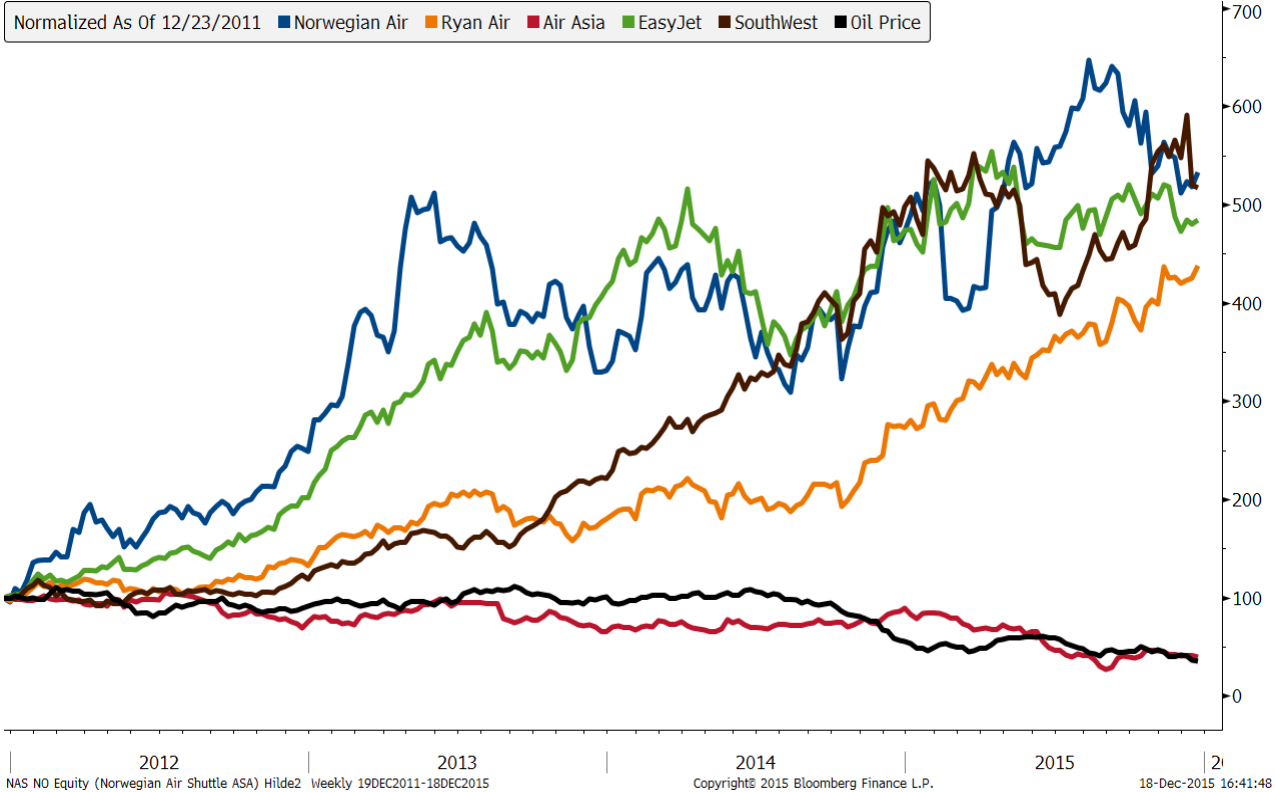
Source: Oxford Economics, Airbus GMF 2015

World population growth

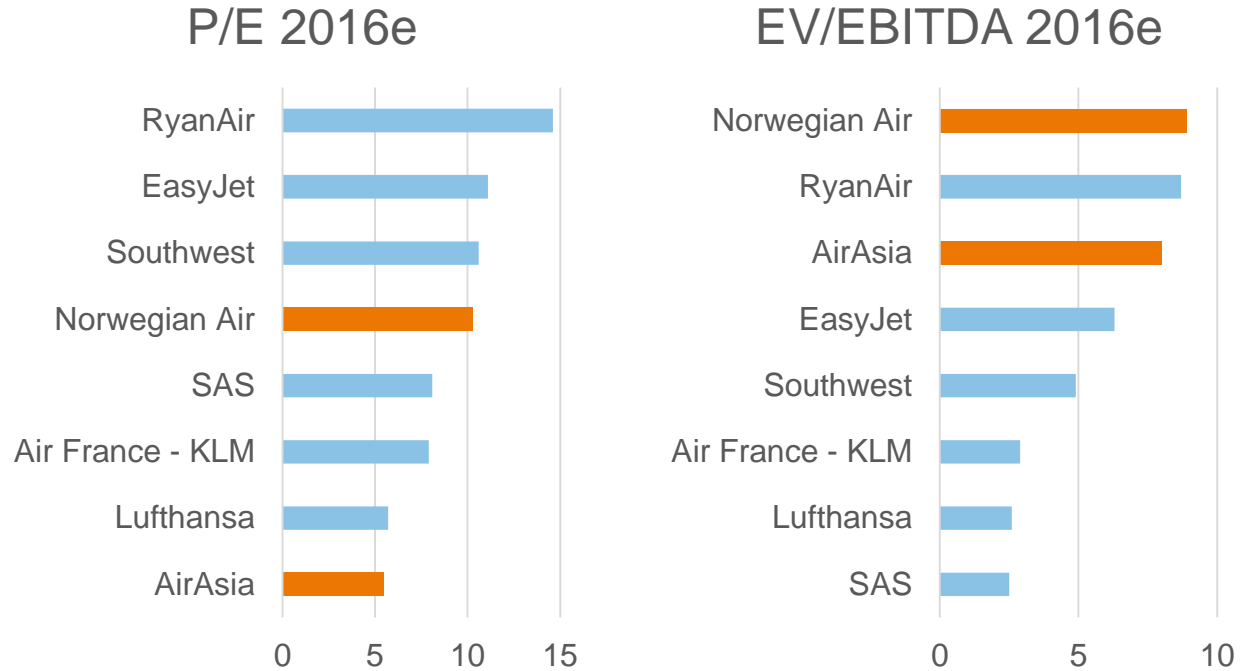
10x Telenor Arena enter middle class each day



Stock price performance 2010-2015

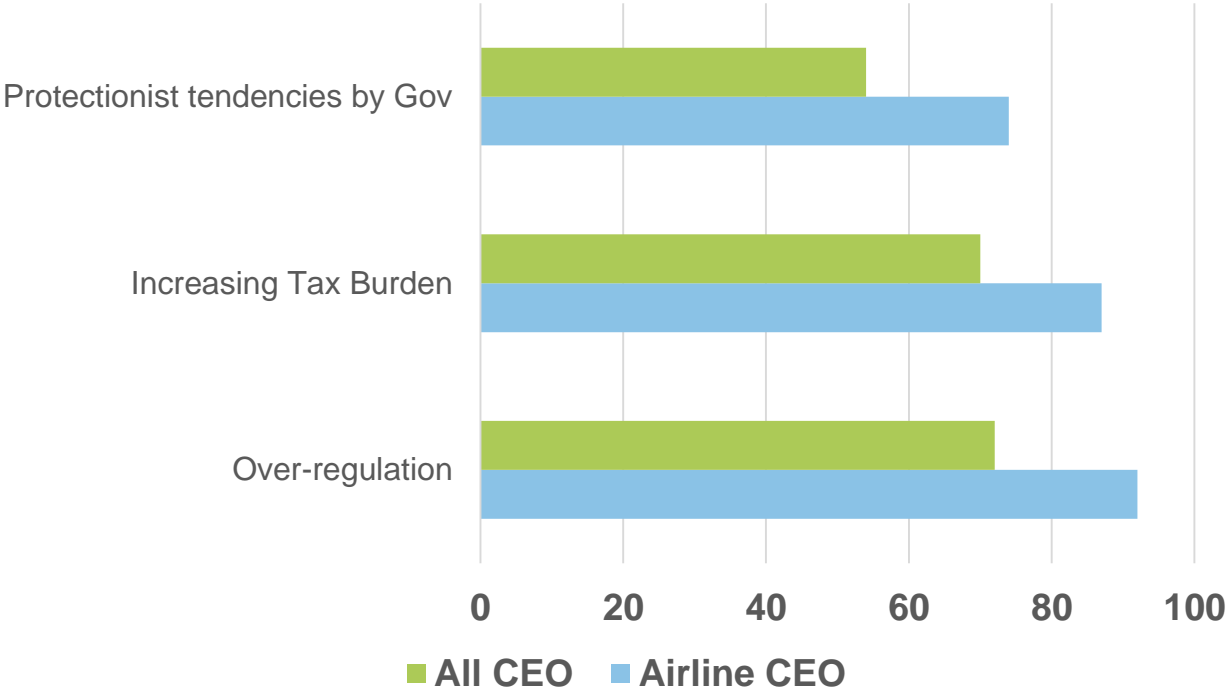


Big variations among company valuations



Source: Bloomberg.

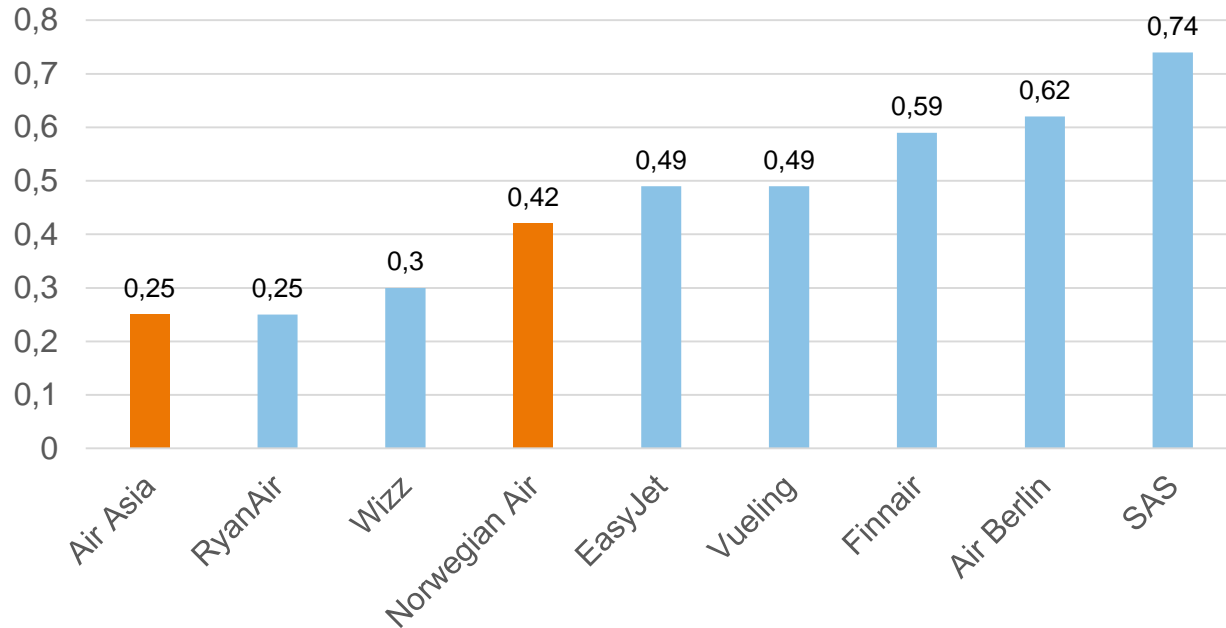
Top 3 risks – according to airline CEOs



Source: PricewaterhouseCoopers.

All about the CASK

2014 (full-year reports) in NOK



Source: Swedbank research.

“

One thing is certain
in business: you will
make mistakes.

When you are
pushing the
boundaries,
mistakes are
inevitable -
how you

react
is important.





And the winners are...

- ✓ Strong Management
- ✓ Cost Advantage
- ✓ Scale
- ✓ Financing

